

REPORT DIGEST

OFFICE OF THE COMPTROLLER FISCAL OFFICER RESPONSIBILITIES FINANCIAL AND COMPLIANCE AUDIT FOR THE YEAR ENDED JUNE 30, 1995

SYNOPSIS

- The Office of the Comptroller needs to make significant upgrades to the current State accounting system to reduce certain inefficiencies. When the system was designed 21 years ago, certain technological advances were not available, but now they should be utilized to increase efficiency in providing Statewide services to all agencies.

{Expenditures and Activity Measures are summarized on the reverse page.}

STATE COMPTROLLER'S OFFICE
AUDIT OF TRADITIONAL BUDGETARY FINANCIAL REPORT
AT JUNE 30, 1995

The current State Comptroller is the Honorable Loleta Didrickson, who became Comptroller on January 9, 1995. The State Comptroller during part of the audit period was the Honorable Dawn Clark Netsch.

		(In Thousands)	
<u>TRADITIONAL FUND GROUPS</u>	<u>NO. OF FUNDS</u>	<u>CASH BALANCES</u>	<u>BUDGETARY BALANCES*</u>
<u>APPROPRIATED FUNDS -</u>			
General Funds	4	\$ 331,006	\$ (-341,158)
Highway Funds	7	656,540	534,909
Income Funds	12	51,150	(-6,403)
Special State Funds	248	906,620	338,413
Bond Financed Funds	8	98,522	91,933
Debt Service Funds	4	318,607	301,888
Federal Trust Funds	84	94,195	(-149,571)
Revolving Funds	10	47,650	7,937
State Trust Funds	<u>26</u>	<u>127,549</u>	<u>69,749</u>
SUB-TOTAL	403	\$2,631,839	\$ 847,697
<u>NON-APPROPRIATED FUNDS -</u>			
Federal Trust Funds	13	\$ 9,078	\$ 6,899
State Trust Funds	<u>102</u>	<u>846,428</u>	<u>732,226</u>
SUB-TOTAL	115	\$ 855,506	\$ 739,125
GRAND TOTAL-ALL FUNDS	<u>518</u>	<u>\$3,407,345</u>	<u>\$ 1,586,822</u>

*Budgetary Balances represent the balances remaining after reduction of Cash Balances at June 30, 1995 by expenditures made during the 1995 lapse period ending September 30, 1995.

INTRODUCTION

Our 1995 audit of the Comptroller's Fiscal Officer Responsibilities is presented in two parts. The compliance part, with our finding and recommendation, is presented in one document. The financial part, with our opinions on the financial statements, is presented in the State Comptroller's "Illinois Traditional Budgetary Financial Report."

COMPLIANCE AUDIT FINDING, CONCLUSION, AND RECOMMENDATION

NEED TO UPGRADE STATE ACCOUNTING SYSTEM

The Comptroller's Office needs to make significant upgrades to its current CUSAS (Comptroller's Uniform Statewide Accounting System) procedures to reduce inefficiencies. CUSAS was developed in 1974 and is in need of revision. The CUSAS accounting system design and reporting capabilities, and the computer, software and telecommunications environment are now over twenty years old. They are obsolete and inefficient, and have, for a number of years, been incapable of responding to all of the needs of State government. On May 1, 1995, the Comptroller reported to our Office that the deficiencies and risks of CUSAS constitute a material weakness in the internal fiscal and administrative controls of the Comptroller. We have recommended enhancements to CUSAS since 1984.

System inefficiencies we noted include the extra costs necessary to process certain types of expenditure documents. For example, multiple invoice-vouchers must be prepared and additional warrants processed when an expenditure relates to multiple appropriation line items. In another instance, a more efficient warrantless process is not being utilized to settle obligations between State agencies or to process agencies' transactions with various State revolving funds. In addition, the State has over 85 different sets of accounting ledgers, since a majority of the 110 State agencies, boards, and commissions each has its own. Each reporting division develops, implements and maintain a separate automated system because the existing CUSAS system does not support its needs. However, all agencies also participate in CUSAS, requiring multiple data entry and paper processing. This is necessary because data is not electronically transferred to CUSAS, yet the agencies' accounting systems must reconcile to CUSAS. (Finding 1, page 10)

We recommended the Comptroller's Office upgrade CUSAS to eliminate both the need for multiple invoice vouchers for certain expenditures and the need for warrants to be used to settle obligations between State agencies.

Comptroller officials stated they agree with our recommendation. The Comptroller's Office is continuing efforts to modify or replace components of the Statewide accounting system. The Comptroller has developed a comprehensive multi-year plan to replace the current system (CUSAS) with a modern financial management system. A commercial software package will serve as the core of the financial management system. Ongoing software maintenance and support will be provided by the selected software vendor to ensure the system is kept up-to-date. The Comptroller has developed and released a request for proposals (RFP) for system software and implementation assistance. The Office states it has received proposals and is in the process

of evaluating the proposals and selecting a vendor to provide the software and assist with its implementation. According to Comptroller officials, the new system will be called the Statewide Accounting Management System (SAMS).

The Comptroller's Office estimates that \$18.5 million will be required to implement SAMS. This amount includes \$2.5 million for FY96 which has already been appropriated, and an additional \$8 million per year for FY97 and FY98. The Office states that this amount is all inclusive for costs required to replace the existing computer and network hardware, to purchase the SAMS commercial software, to train the staff on the use of the system, and to make necessary process and procedural changes to maximize the benefits of the new system.

Mr. Jonathon S. Gacjala, Assistant Comptroller, provided the Agency's response to our finding and recommendation.

FINANCIAL AUDIT OPINIONS

Our auditors stated the traditional budgetary financial statements present fairly the fund balances and receipts and expenditures at June 30, 1995, relating to the Fiscal Officer Responsibilities of the Comptroller.

In addition, the Comptroller has issued a separate Comprehensive Annual Financial Report which has additional details on the financial activities of State agencies and funds. Our auditors report that the financial statements in the Comprehensive Annual Financial Report for the year ended June 30, 1995 are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:KMM:pp

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	2
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	1	0

SPECIAL ASSISTANT AUDITORS

Coopers & Lybrand LLP were our special assistant auditors assigned to the audit.